

**MICHIGAN VEHICLE CODE (EXCERPT)**  
**Act 300 of 1949**

**257.238 Security interests in vehicle; certificate of title; assignment; termination statement.**

Sec. 238. (a) When an owner named in a certificate of title creates a security interest in the vehicle described in such certificate or in any accessory thereon:

(1) The owner shall immediately execute an application in the form prescribed by the department to name the holder of the security interest on the certificate of title, showing the name and address of such holder and deliver the certificate of title, application and the required fee together with a copy of such application which need not be signed, to the holder of the security interest.

(2) The holder of the security interest shall cause the certificate of title, application and fee and the copy of such application to be mailed or delivered to the department.

(3) The department shall indicate on the copy of such application the date and place of filing of the application and return said copy to the person presenting the same.

(4) Upon receipt of the certificate of title, application and the required fee the department shall issue a new certificate in the form provided by section 222 setting forth the name and address of each holder of a security interest in the vehicle or in any accessory thereon for which a termination statement has not been filed and the date on which the application first stating such security interest was filed, and mail the certificate to the owner.

(b) (1) A holder of any kind of a security interest may assign, absolutely or otherwise, his security interest in the vehicle or any accessory thereon to a person other than the owner without affecting the interest of the owner or the validity of the security interest, but any person without notice of the assignment is protected in dealing with the holder of the security interest as the holder thereof.

(2) The assignee may have the certificate of title indorsed with the assignee named as the holder of the security interest by providing the department with a copy of the assignment instrument but the failure of the assignee to do so shall not affect the validity of the security interest of the assignment thereof.

(c) (1) Whenever there is no outstanding obligation and no commitment to make advances, incur obligations or otherwise give value, secured or to be secured by a security interest in a vehicle, or an accessory thereon, for which the certificate of title is in possession of a secured party, such secured party shall, within 10 days after satisfaction of the obligation and, in any event within 30 days, execute a termination statement in the form prescribed by the department and mail or deliver the termination statement to the owner or such other person as the owner may direct. The owner other than a dealer holding the vehicle for resale, shall promptly cause the certificate, all termination agreements, and an application for certificate of title accompanied by the proper fee, to be mailed or delivered to the department, which shall issue a new certificate.

(2) Whenever there is no outstanding obligation and no commitment to make advances, incur obligations or otherwise give value, secured or to be secured by a security interest in a vehicle, or an accessory thereon, for which the certificate of title is in the possession of another person, the secured party shall within 10 days after demand and in any event within 30 days, execute a termination statement in the form prescribed by the department and mail or deliver the termination statement to the owner or such other person as the owner may direct.

**History:** 1949, Act 300, Eff. Sept. 23, 1949;—Am. 1964, Act 248, Eff. Jan. 1, 1965;—Am. 1968, Act 66, Eff. Aug. 1, 1968.